

UNSEALED

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

Chapter 11

ZOHAR III, CORP., *et al.*,¹

Case No. 18-10512 (KBO)

Debtors.

Jointly Administered

ZOHAR CDO 2003-1, LIMITED; ZOHAR II
2005-1, LIMITED; and ZOHAR III,
LIMITED; ZOHAR II 2005-1, CORP.;

Adv. Pro. No. 20-50534

Plaintiffs,

v.

Ref. Docket Nos. 1, 2, 125, 168 & 171

PATRIARCH PARTNERS, LLC;
PATRIARCH PARTNERS VIII, LLC;
PATRIARCH PARTNERS XIV, LLC;
PATRIARCH PARTNERS XV, LLC;
PHOENIX VIII, LLC; OCTALUNA LLC;
OCTALUNA II LLC; OCTALUNA III LLC;
ARK II CLO 2001-1, LIMITED; ARK
INVESTMENT PARTNERS II, LP; ARK
ANGELS VIII, LLC; PATRIARCH
PARTNERS MANAGEMENT GROUP, LLC;
PATRIARCH PARTNERS AGENCY
SERVICES, LLC; and LYNN TILTON,

Defendants, and

180S, INC.; BLACK MOUNTAIN DOORS,
LLC; CROSCILL HOME, LLC; DURO
TEXTILES, LLC; GLOBAL AUTOMOTIVE
SYSTEMS, LLC; HERITAGE AVIATION,

¹ The Debtors, and, where applicable, the last four digits of their taxpayer identification number are as follows: Zohar III, Corp. (9612), Zohar II 2005-1, Corp. (4059), Zohar CDO 2003-1, Corp. (3724), Zohar III, Limited (9261), Zohar II 2005-1, Limited (8297), and Zohar CDO 2003-1, Limited (5119). The Debtors' address is c/o FTI Consulting, Inc., 1166 Avenue of the Americas, 15th Floor, New York, NY 10036.

LTD.; INTREPID U.S.A., INC.; IMG HOLDINGS, INC.; JEWEL OF JANE, LLC; MOBILE ARMORED VEHICLES, LLC; SCAN-OPTICS, LLC; SILVERACK, LLC; STILA STYLES, LLC; SNELLING STAFFING, LLC; VULCAN ENGINEERING, INC; and XPIENT SOLUTIONS, LLC,

Nominal Defendants.

**NOTICE OF FILING OF BLACKLINE OF
CORRECTED SECOND AMENDED COMPLAINT**

PLEASE TAKE NOTICE that on March 9, 2020, the above-captioned plaintiffs (collectively, the “Zohar Funds”) filed under seal the *Complaint* [Docket Nos. 1 and 2] (the “Complaint”).²

PLEASE TAKE FURTHER NOTICE that on September 1, 2021, the Zohar Funds filed under seal the *First Amended Complaint* [Docket No. 125] (the “Amended Complaint”), in accordance with the Court’s order entered at Adv. Docket No. 122.³

PLEASE TAKE FURTHER NOTICE that on March 10, 2022, the Zohar Funds filed under seal the *Second Amended Complaint* [Docket No. 168] (the “Second Amended Complaint”), in accordance with the Court’s order entered at Adv. Docket No. 164.

PLEASE TAKE FURTHER NOTICE that on the afternoon of March 18, 2022, counsel to the Defendants contacted the Zohar Funds and indicated that there were errors in the legal name of certain parties in the caption and text of the Second Amended Complaint. It was then agreed upon by the parties to make these corrections in advance of the Defendants’ answer deadline and the Debtors have filed a corrected Second Amended Complaint (the “Corrected Second Amended Complaint”) [Docket No. 171].

[Remainder of page intentionally left blank]

² A redacted version of the Complaint was filed at Docket No. 110.

³ A redacted version of the Amended Complaint was filed at Docket No. 129.

PLEASE TAKE FURTHER NOTICE that attached hereto as Exhibit A is a blackline (changed pages only) comparing the Second Amended Complaint to the Corrected Second Amended Complaint.

Dated: March 18, 2022
Wilmington, Delaware

YOUNG CONAWAY STARGATT & TAYLOR, LLP

/s/ Ryan M. Bartley

James L. Patton, Jr. (No. 2202)

Robert S. Brady (No. 2847)

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Counsel to the Zohar Funds

EXHIBIT A

Blackline

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

ZOHAR III, CORP., *et al.*,¹

Debtors.

Chapter 11

Case No. 18-10512 (KBO)

Jointly Administered

ZOHAR CDO 2003-1, LIMITED; ZOHAR II
2005-1, LIMITED; and ZOHAR III,
LIMITED; ZOHAR II 2005-1, CORP.;

Plaintiffs,

v.

PATRIARCH PARTNERS, LLC;
PATRIARCH PARTNERS VIII, LLC;
PATRIARCH PARTNERS XIV, LLC;
PATRIARCH PARTNERS XV, LLC;
PHOENIX VIII, LLC; OCTALUNA LLC;
OCTALUNA II LLC; OCTALUNA III LLC;
ARK II CLO 2001-1, ~~LLC~~LIMITED; ARK
INVESTMENT PARTNERS II, LP; ARK
ANGELS ~~VIII~~VIII, LLC; PATRIARCH
PARTNERS MANAGEMENT GROUP, LLC;
PATRIARCH PARTNERS AGENCY
SERVICES, LLC; and LYNN TILTON,

Defendants, and

180S, INC.; BLACK MOUNTAIN DOORS,
LLC; CROSCILL HOME, LLC; DURO
TEXTILES, LLC; GLOBAL AUTOMOTIVE
SYSTEMS, LLC; HERITAGE AVIATION,
LTD.; INTREPID U.S.A., INC.; IMG
HOLDINGS, INC.; JEWEL OF JANE, LLC;
MOBILE ARMORED VEHICLES, LLC;
SCAN-OPTICS, LLC; SILVERACK, LLC;

Adv. Pro. No. 20-50534

¹ The Debtors, and, where applicable, the last four digits of their taxpayer identification number are as follows: Zohar III, Corp. (9612), Zohar II 2005-1, Corp. (4059), Zohar CDO 2003-1, Corp. (3724), Zohar III, Limited (9261), Zohar II 2005-1, Limited (8297), and Zohar CDO 2003-1, Limited (5119). The Debtors' address is c/o FTI Consulting, Inc., 1166 Avenue of the Americas, 15th Floor, New York, NY 10036.

STILA STYLES, LLC; SNELLING
STAFFING, LLC; VULCAN
ENGINEERING, INC; and XPIENT
SOLUTIONS, LLC,

Nominal Defendants.

CORRECTED SECOND AMENDED COMPLAINT

The above-captioned plaintiffs, by their undersigned attorneys, for their First Amended Complaint² against the above-captioned defendants, hereby allege as follows:

Introduction³

1. In the mid-2000s, Lynn Tilton created Zohar CDO 2003-1, Limited, Zohar II 2005-1, Limited, and Zohar III, Limited (collectively, the “Zohar Funds”), a series of collateralized loan obligation (“CLO”) funds. The Zohar Funds were unique among CLO funds in several ways, but the most striking was that the Zohar Funds and the companies in which the Zohar Funds invested were all entirely controlled, managed and selected by Tilton and her affiliated entities. Tilton raised billions of dollars through the Zohar Funds and, through the Patriarch Managers (the collateral managers for the Zohar Funds that she controlled), used those funds to make debt and equity investments in various Portfolio Companies, at her sole discretion. And acting through the Patriarch Managers, Tilton caused the Zohar Funds, as equity holders of these Portfolio Companies, to install her as a director or manager of the Portfolio Companies (often times the sole

² This First Amended Complaint is filed pursuant to the Court’s *Memorandum Opinion* (Dkt. 121) and *Order Granting in Part and Denying in Part Defendant’s Motion to Dismiss the Complaint* (Dkt. 122). In order to preserve, without waiver, claims made in the original Complaint, Plaintiffs have included certain Counts (and supporting allegations) that were dismissed with prejudice by Order of the Court. The continued inclusion of these allegations in the Complaint does not represent an intention to reargue them now, but instead to preserve them for appeal without waiver.

³ Capitalized terms used but not defined in this Introduction shall have the meaning ascribed to them in the balance of this Complaint.

II. Defendant Lynn Tilton

17. Defendant Lynn Tilton (“Tilton”) is a resident of Florida.

18. Tilton formed and raised the outside investment in the Plaintiff Zohar Funds.

19. Tilton is the principal and, upon information and belief, sole member of many of the other defendants in this case, including, each as defined below, Patriarch Partners, the Patriarch Managers, the Octaluna Entities, PPMG, PPAS, and the Ark Entities. Tilton wields control over the entire Patriarch investment enterprise.

III. The Patriarch Managers

20. Defendants Patriarch Partners VIII, LLC, Patriarch Partners XIV, LLC, and Patriarch Partners XV, LLC are referred to herein collectively as the “Patriarch Managers” or individually as a “Patriarch Manager.”

21. As described in more detail herein, each Patriarch Manager was created to serve as a collateral manager for one of the Zohar Funds. Upon information and belief, all of the Patriarch Managers are managed and controlled by Defendant Tilton. Upon information and belief, non-party Zohar ~~Holdings~~ Holding LLC (“Zohar Holdings”) indirectly or directly owns each of the Patriarch Managers. Tilton owns 99% of the membership interests in Zohar Holdings. The remaining 1% membership interest in Zohar Holdings is held by the C.J. Tilton Irrevocable Trust.

22. Defendant Patriarch Partners VIII, LLC (“Patriarch VIII”) is a Delaware limited liability company with its principal place of business in New York, New York. Until March 2, 2016, Patriarch VIII was the collateral manager for Plaintiff Zohar I.

23. Defendant Patriarch Partners XIV, LLC (“Patriarch XIV”) is a Delaware limited liability company with its principal place of business in New York, New York. Until March 2, 2016, Patriarch XIV was the collateral manager for Plaintiff Zohar II.

These entities, many of which are mere alter egos for Tilton herself, have also been named defendants in this action.

31. Defendant Patriarch Partners, LLC (“Patriarch Partners”) is a Delaware limited liability company, with its principal place of business in New York, New York. Upon information and belief, Patriarch Partners is wholly owned (directly or indirectly), managed and controlled by Defendant Tilton.

32. Defendant Ark II CLO 2001-1, ~~LLC-Limited~~ (“Ark II”) is a ~~Delaware-limited liability-Cayman Islands~~ company with its principal place of business in New York, New York. Upon information and belief, Ark II is wholly owned (directly or indirectly), managed and controlled by Defendant Tilton.

33. Defendant Ark Investment Partners II, L.P. (“AIP”), is a Delaware limited partnership with its principal place of business in New York, New York. Upon information and belief, Defendant Tilton is (either directly or indirectly) the ultimate sole partner of AIP.

34. Defendant Ark Angels VIII, LLC (“Ark VIII” and with Ark II and AIP, the “Ark Entities”) is a Delaware limited liability company with its principal place of business in New York, New York. Upon information and belief, Ark VIII is wholly owned (directly or indirectly), managed and controlled by Defendant Tilton.

35. Defendant Phoenix VIII, LLC (“Phoenix VIII”) is a Delaware limited liability company with its principal place of business in New York, New York. Upon information and belief, Phoenix VIII is wholly owned (directly or indirectly), managed and controlled by Defendant Tilton.

36. Defendant Patriarch Partners Management Group, LLC (“PPMG”) is a Delaware limited liability company with its principal place of business in New York, New York. Upon

Dated: ~~September 1, 2021~~
March 18, 2022
Wilmington, Delaware

YOUNG CONAWAY STARGATT & TAYLOR,
LLP

/s/ Ryan M. Bartley

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